# Phase 2-OMIA Residential Core Policy Wordings

# September 2023 Special Forms Release-Q & A

**Background:**

On September 18,2023 a Special Forms Release was sent to the OMIA membership along with a Chart of Changes spreadsheet which described changes and updates to definitions, clauses, exclusions, conditions, and formatting to the 9-core primary residential package policies. The updated policy wordings had an edition date of January 2024 and included:

* **PP-1703-0124 Residential Homeowners Comprehensive Policy**
	+ **EO-1703-0124 Residential Homeowners Comprehensive- SECTION I**
* **PP-1702-0124 Residential Homeowners Broad Policy**
* **PP-1701-0124 Residential Homeowners Named Perils Policy**
* **PP-1704-0124 Residential Homeowners Limited Named Perils Policy**
* **PP-1702-0124 Residential Condominium Unit Owners Comprehensive Policy**
* **PP-1710-0124 Residential Condominium Unit Owners Named Perils Policy**
* **PP-1055-0127 Tenant Comprehensive Policy**
* **PP-1050-0124 Tenant Named Perils Policy**

**Question & Answers:**

**Q: What if our company is not ready to implement the updated policy wordings for January 2024?**

A: It is recognized that each member company has their own individual priorities and strategic plans, which includes following their own implementation dates for projects such as this. It is not mandatory to follow the same schedule as the OMIA release dates.

During early 2022, OMIA and the Product Strategy Committee decided it was time for a competitive review but also to discontinue the residential and farm multi-policy wording **paper** booklets. Discussions about what is required to prepare some of the member’s policy administration systems to align the strategic/project planning needs of the membership took place. As such, the scope of this project needed to be broken down in the more manageable “Phases” for some members to adjust and realign. As such the committee has chosen to break the project down into 4 manageable phases. Phase 1 was released in August 2022, and part of Phase 2-the forms listed above, was released in September. The remaining part of Phase 2- residential endorsements, are continuing to be released in bundles in the weeks ahead.

**Q: In a previous OMIA roundtable presentation about the Residential wording project- it was mentioned that the clause/coverage that states:**

“*Personal property that “You” are moving to a new principal residence within Ontario is insured while in transit and while at “your” new principal residence for up to 30 consecutive days….*”

**was going to change to Canada to align with competitors. We noticed this is no longer the case and it still states Ontario. Why didn’t it get updated?**

A: This topic was reviewed once again before releasing the final draft. There were concerns regarding the potential impact of insurance licensing for some members. Until further investigation into this concern can take place, and we can confirm it will not impact any licensing issues, we decided to keep it as is and review again for future phases.

**Q: Farm wording, what dates will they be released?**

A: That portion was moved to Phase 3- of the wording project. Initially it was just going to be alignment (with partial competitive review) of the Residential portion of the wording, however, it was decided that further assessment and consideration surrounding the formatting, set up and coverage options of the OMIA advisory farm package needs to take place. OMIA and the Product Strategy Committee agreed it was time to take a deeper look and review how the package(s) and related wordings need a competitor review and revamping to acclimatize to modern types of farm operations that exist in today’s market and industry. More to be revealed as we work though Phase 3 during late 2023 and into 2024.

As such the farm policy with residential homes will be a separate phase from Phase 2 and members will have two different Homeowners wordings until Phase 3 is complete. Effort will be made to align the homeowner’s portion of the farm policy as close as possible, however, there may be instances where it is necessary to have different verbiage for farm homeowners than non-farm homeowner’s wordings.

**Q: Will OMIA still supply the wording booklets?**

A: Not any longer. As of January 2023, paper booklets are no longer available for order. OMIA has been notifying members via roundtables and notations on the monthly OMIA form release emails for the past few years of its impeding retirement. However, Microsoft Word version of the booklet from 2018 is still available on the OMIA member website in the Coverage Library.

Phase 1- August 2022 a special forms release was sent to all member companies with details on what would be required for those still reliant on the paper booklet wordings. Due to the “sunset” of the paper booklets- system requirements were required to enable member companies who were reliant on paper pamphlet sized booklets to convert to the electronic (MS Word or PDF 8.5x11”) versions.

**Q: Collectables- any consideration or competitive wording review on the definition of a collectable?**

A: Yes, this was a proposed change during the project, including consideration to go beyond sports memorabilia. However, at the time of the review, we were not aware of any concerns within the membership about making a significant change to define or create new collectable limits. Since it is not currently a defined word, it will fall upon what is the common meaning in Websters/common dictionaries.

A competitor review indicated a focus on the issue of high value wine and alcohol collections; therefore, upon further discussion and review within the Product Strategy Committee and OMIA, we added a new special limit for Phase 2.

OMIA continues to welcome member feedback, ideas, and competitive examples for suggested changes or updates which can be submitted to: insuranceservices@omia.com. OMIA will review feedback on an ongoing basis for future phases.

**Q: Is it true that the Inflation Protection coverage has been added to all the policy forms?**

A: Yes, that is correct. Given the highlight in recent years with the issues with underinsurance (regardless of the cause), it was decided to implement something that can support member’s efforts to promote ITV and reduce problems for the policyholder as well; regardless of the residential package type. This change was also based on competitor review. As usual, the inflation protection is applied to the primary Section I coverage limit for the policy type. I.e., Homeowners- Dwelling Building, Condo & Tenant- Personal Property.

Review with respect to naming the source of where “inflation” rates would come from had also been taken into consideration. However, ultimately for Phase 2, it was decided to not name a specific source of inflationary rates or methods so that member companies could still inflate limits according to their current practices. Further considerations will be ongoing for future phases as we monitor competitors and ITV results for this clause.

**Q: In the past OMIA has provided varied terms letter samples. Is this to be anticipated?**

A: Currently there are not any plans to develop one. There are so many changes with this update, it would be hard to notify of all the changes in one letter. We recommend each member company draft their own “Varied terms” letter with a generic blanket statement describing something to the effect that there are significant changes, (both limiting and broadening of coverage) and attaching the new policy wordings. Emphasize that policyholders must review their policies carefully and contact their broker or agent for review or any questions. This is an opportunity for agents and brokers to reach out to policyholders too.

**Q: Do we have to send paper copies of the new wordings or are we able to provide access or direct policyholders to our website for review of the new wording? Or direct policyholders to our website with wordings by QR code in the varied terms letter?**

A: We (OMIA) haven’t nailed down a specific position in terms of how a member company may provide the Certificate of insurance/Declaration pages and/or policy wordings (electronic vs. paper) as we understand every member company has different processes and capabilities. However, **both** the Declaration pages and policy wordings form the entire policy contract.

Questions and concern have arisen recently with some members with respect to whether it is appropriate to tell a policyholder to pull their own wordings via a company’s public website- and then only providing the Declaration pages to policyholder by mail or electronically (with the appropriate electronic document security protocols). It is cautioned that there is risk if the policyholder downloads a policy wording from a public website and reviews the wrong policy wording and/or edition date version or does not review it and only relies on the marketing material provided by the website, or broker/sales force. In the event of a claim, the policyholder could debate they were not provided the wordings, nor the opportunity to review the policy wordings nor exclusionary verbiage of the contract. This is also a risk on renewals if there is a major overhaul in the policy package wordings, as is the case for this updated residential policy wording packages of January 2024.

CCIR also has a position paper regarding delivery of electronic communication and information-and in paraphrasing their message, it is suggested that providing policy wordings and documents can be made available via insurer’s public websites, but for “informational or marketing purposes only”, and not used to provide contractual documentation to your policyholder.

Ultimately, this would be up to each individual member company based on their preferences and practices or how they manage varied term notifications.

**Q: Is the new war exclusion included in this new base wording? Do we just have to add it to the farm policies as a separate endorsement?**

A: Yes, we updated the 9 core residential package policies (listed above) with the new verbiage in the base wordings for the 2024 version. If you are not adopting this 2024 version, you will have to add by endorsement (the unnumbered residential template for the “War and Civil War Exclusion Clause Endorsement”).

In addition, since the Farm policy and Commercial policies are not due for updating until later phases, they will have to have the new endorsement (EO-1574, EO-1575 on Farm & Commercial) added since this is a requirement from the reinsurers. See the OMIA Coverage library and the OMIA Forms Release dated November 17, 2023, for further information.

**Q: Up until this point, to avoid stacking liability limits for worldwide personal liability, we (member) would use the Limitation of Liability to Designated Premises Endorsement for this scenario. With the updates to the Residential package wordings, does this mean that we don’t need to use it anymore?**

A: The definition of “You” or “your” has been updated, including how it’s defined when mentioned under SECTION II- LIABIITY COVERAGE. Also, an additional clause under SECTION II- Coverages clarifies that only Premises Liability coverage applies if an insured location is Not occupied by “*….You” as “your” principle “Dwelling…”etc.*

Agreed, in many instances you may no longer need to add the ELI-0745 Limitation of Coverage to Designated Premises to the primary residential policy packages with named insureds who do not reside there. This may also be true for some member companies who may also insure additional locations on the same policy where liability is extended from the primary residence. As usual, each scenario can be slightly different so review the risk appropriately to ensure the underlying base wordings is sufficient or if the endorsement still needs to be applied.

We recognized that all member companies may deal with these scenarios differently or have different underwriting rules. The interests of any named insureds should be fully understood and documented for each insured dwelling/location, to make the appropriate call with respect to who’s name the Declaration page should list, as well as how coverage is applied or restricted with respect to liability coverage. The process and underwriting rules still lie within the individual member company.

**Q: What is the Chart of Changes saved under?**

A: It is on the OMIA member website, a spreadsheet entitled “***Residential Policies\_Core Wording Clauses-Chart of Changes\_Sept 14, 2023***”.

It is listed under the tab called Coverage Library- ***Residential/Residential Policies***, as well as ***Residential/Condominium Unit Owners***, and ***Residential/Tenant Policy.*** It is the same chart listed in all 3 places. [**https://www.omia.com/intranet/Apps/view\_items.cfm?MenuID=2000494&CategoryID=150**](https://www.omia.com/intranet/Apps/view_items.cfm?MenuID=2000494&CategoryID=150)

**Q: Are these forms release webinars being recorded and posted?**

A: The live webinars were not recorded. However, a “clean” recording of this webinar will be posted on the OMIA Coverage library (with the link) to OMIA’s On Demand E-Learning website as a free resource. Stay tuned.

In addition, we’d like to emphasize that the forms release webinar is just a highlight presentation of the changes with some background information on why some decisions were made. Please review the new wordings in their entirety as well as the “***Residential Policies\_Core Wording Clauses-Chart of Changes\_Sept 14, 2023***” spreadsheet as the primary comparison document on what has changed from the prior 2018 version versus 2024 versions.

**Q: When will the residential endorsements be released to accompany the core residential policy packages?**

A: Due to the volume of residential endorsements along with other endorsements which are considered multi-line purposed endorsements (residential and farm/commercial), they will be released in a staggered fashion, as they get reviewed and approved by the Product Strategy Committee. As of December 2023, there have been 2 form releases with the updated and aligned endorsements (supporting Underwriting guidelines or Coverage reference documents based on endorsements released may also be released if any necessary changes/alignments were also required). More are to come in the new year 2024.